

15 August 1985

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with OMB Regarding Agency Proposed Retirement Legislation

STAT Present: CIA - Robert W. Madee, Director of Personnel
STAT [redacted] Deputy Director of Personnel for
STAT [redacted] Employee Benefits and Services
[redacted] Policy Analysis & Evaluation,
Office of Personnel
[redacted] Office of Comptroller
Office of Comptroller

OMB - David Sitrin, Deputy Associate Director for National Security
Robert Howard, Assistant Deputy Associate Director of National Security
Arnie Donahue, Chief of Intelligence Branch
Russ Neeley, CIA Examiner
Tom Stanners, Chief Personnel Branch of National Security Division
Hilda Shreibar, Legislation Analyst

1. The Director of Personnel (D/Pers) advised the OMB representatives that he had asked for this meeting because at an earlier meeting with OMB he had promised: 1) a copy of proposed retirement legislation covering all Agency employees; 2) to advise them what benefits we would be asking for in such legislation; and 3) how the Agency planned to resolve its security concerns regarding information on Agency personnel being located outside Agency premises.

2. Circa 5 o'clock on Wednesday, 14 August, the Agency's proposed retirement legislation officially arrived at OMB. Thus, at the 15 August meeting the OMB representatives had a copy of the proposed legislation. After brief introductory remarks, D/Pers covered the following items on our proposed retirement legislation, and the differences and similarities between ours and Stevens' plan:

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- a) that our legislation provides for an internal administered retirement plan for all Agency employees. This is compared with the Stevens' plan which includes only those hired after 1 January 1984 and covered by Social Security.
- b) that it is an amendment to the current CIARDS law.
- c) that CIARDS type employees will be referred to in the legislation as "special participant members" and that current CSRS types are referred to as "members."
- d) that the amended CIARDS proposal provides equity for employees covered prior to 1 January 1984 and those hired after 1 January 1984.
- e) that retirement ages of 50 for special participant members and age 55 for members (without any annuity reductions) are retained in the new proposed legislation.
- f) that a 2 1/2% accrual rate is provided for both special participant members and members for periods of service while assigned overseas, or which is determined to be qualifying service while assigned domestically. An OMB representative commented that if approval were given to this benefit for CIA shouldn't this also apply to everyone in government overseas.
- g) that when special participant members are assigned domestically, they retain a 2% accrual rate and members would return to the current CSRS percentage.
- h) that a voluntary thrift plan is included similar to Senator Stevens' plan. The difference being that the Agency's proposal provides government matching funds up to 3% whereas Stevens' proposal matches up to 5%. In response to a question, an OMB representative was advised that the thrift plan would also be available to prior 1 January 1984 CIA employees.
- i) that the legislation retains existing retirement benefits for contribution rates at 7% and 7 1/2% (fire fighters, COLA, survivor and disability benefits, and the high-3 average salary for computing annuities. OMB was reminded that contributions to the defined benefit plan are different from the Stevens' proposal which provides for no employee contributions.
- j) that the proposed Stevens' plan creates a security concern for the Agency in the way long term disability cases would be handled by a third party organization. Obviously, the Agency cannot permit the names of its employees to be shared with such an organization.

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k) that the Agency had further studied the security ramifications of having information on Agency employees kept outside Agency premises. In particular, D/Pers advised that we had reviewed how to avoid having the names of Agency employees sent to a contractor who prepares retirement medallions; how we could internally administer federal employees compensation act claims; how we could adequately handle at OPM appropriate retirement records to protect our employees' names. [REDACTED]

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3. While the OMB representatives had several questions about our retirement proposal, none was unanticipated. Agreement was reached that OMB needs more time to review the proposed legislation and that the Agency representatives would provide the following information to OMB within 7 to 10 days:

a) By implementing our retirement legislation, how much of a percentage increase are we expecting in the protection of information on Agency employees which is currently being maintained external to Agency premises?

b) What are the cost of payroll increases for each of the enhanced benefits provided for in the proposed legislation and what are the justifications for these enhancements?

c) What are cost of payroll figures for the proposed Agency legislation broken out by CSRS, CIARDS, aggregate cost in comparison to Stevens' plan?

d) How will the Agency handle transfers in and out of the Agency retirement plan?

e) How does the Agency plan to handle the funding of the new plan, including how will monies be transferred to OPM or between us and OPM?

f) What are the differences between the Agency's proposed plan and Stevens' proposal? What are the differences between current CSRS and the Agency's proposed plan? Provide a summary of the differences.

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4. In conclusion, OMB did not give an approval to our proposed legislation, nor did we receive a rejection. We can expect to have many more moments with OMB on the details of this legislation. We did learn that OMB representatives had not yet completely evaluated the Stevens' legislation and that they did not have the capability to actuarially compute the costs of our proposal. Agreement was reached that we must continue to move forward, but not ahead of Stevens' legislative effort.


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